

CSFP: School Finance 101

Adams-Arapahoe 28J

Aurora Public Schools

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Colorado School Finance Project
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COLORADO SCHOOL FINANCE PROJECT

Support Children - Support The Future

Colorado School Finance Project

Non-profit, non-partisan- Supported by school district contributions- School finance analysis for local and state policy makers since 1995- Governed by a board comprised of national and state experts on school finance

Our Mission: *To compile, collect and distribute research-based, non-partisan information and data on topics related to school finance for state and local policymakers.*

Aurora's students

- Total Funded Pupil Count- 38,451
- 71.4% eligible for free and or reduced lunch (26,195 students)
- 14% Students receiving Special Education services (5,243 students)
- 38% Emerging Bilingual students (14,777 students)
- 4% Students eligible for Gifted Education services (1,543 students)

*Data from CDE

Financial Facts for Aurora

Per Pupil Revenue:

- \$10,865 (before BS Factor)
- \$10,292 (after BS Factor)

2021-2022 Total Program Mills: 27.000

2021-2022 Total Bond Mills: 23.000

Override Mills: 27.697

1 mill raises \$3,719,003 or \$98 per student

Board
considerations –
good to discuss
with
Superintendent

- Learn about your school district's budget and audit process
 - What policies are in place?
 - Do you have a financial advisory committee or an audit committee?
 - How do you engage with your community in the budget process?
 - What is your budget timeline?
- How do you engage with District Accountability Committee?

Process & Timing



District Budget Process: begins in fall of year for the next fiscal year beginning on July 1.



Department (CDE) hearings for budget requests – State Process



Legislature convenes in January – School districts are ½ way through their fiscal year.



School districts begin budget process for next year and determine hiring - *prior to the end of the legislative session.*



Creates potential problems for school districts with last minute legislative decisions.

How Schools are funded in Colorado

Revenue Sources for School Finance

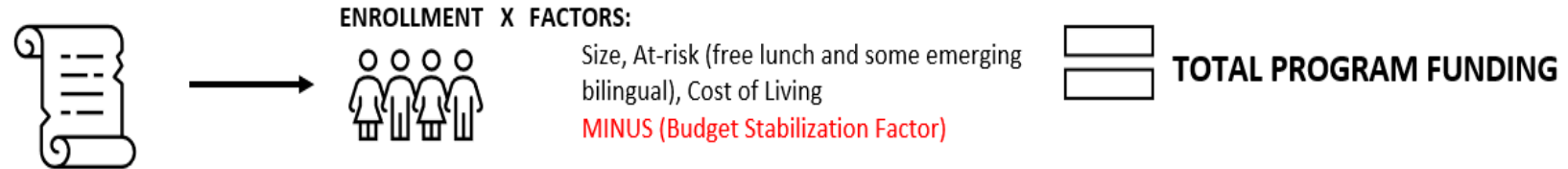


OUTSIDE THE FORMULA REVENUE:

- Federal Funds 5%-6% annually, targeted populations
- Categoricals – General Fund and State Ed Fund
- Stimulus Funds- ONE-TIME dollars with targeted uses for COVID-19

How Revenue is Distributed to Colorado Schools

School Finance Act



Distributes majority of \$7+ billion BASE Per-pupil Allocation (\$7083.61)

OUTSIDE THE FORMULA:

- Categorical Funding= \$311,871,933 Every district receives an allocation
 - o For special education, emerging bilingual, gifted and talented, career and technical education students, transportation and small attendance centers
- Grants, Local District and Individual School Fundraising, Foundation Support and Local Overrides- These VARY greatly district to district across the state and in many cases are targeted for specific programs for a limited amount of time.

What is a mill levy? How is local share determined?

- Mill levies are dollars raised locally by property taxes (local share)
- Local property taxes go toward school finance
- Mill levies may be additional dollars called “override” (MLO)
 - Outside of the formula
 - Voter approved
- Mill levies may be for bonds to build or repair schools
 - Voter approved

How are mills calculated?

Actual Value of Home= \$200,000

Residential Assessment Rate (RAR)
= 7.15%

Home value x RAR =

Total Assessed Value= \$14,300

Total Assessed value x mill levy =
taxes paid (mill levies vary by
district)

Tax Payer impact



How are mills calculated?

Actual Value of Non-residential=
\$200,000

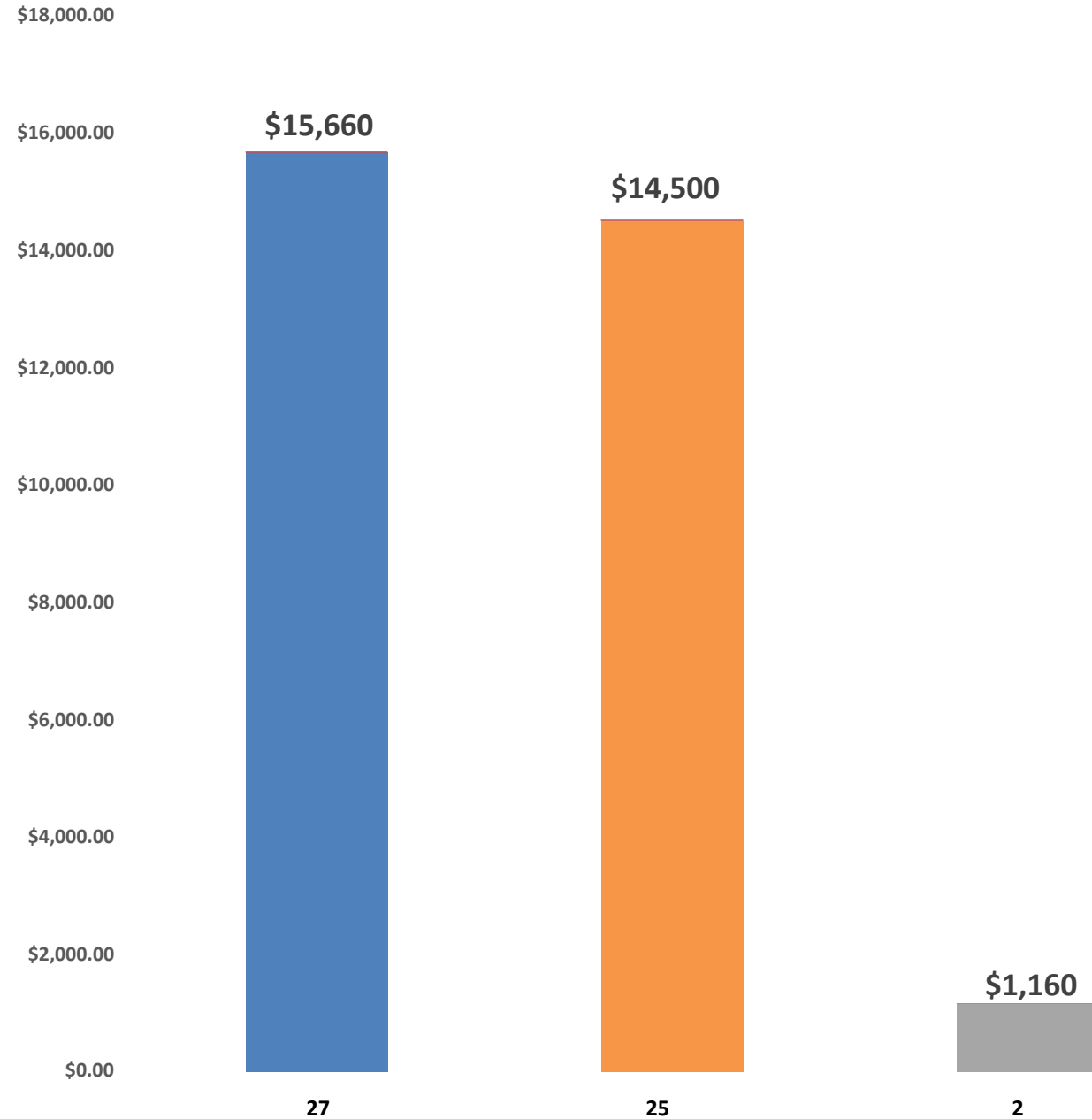
Non-residential Assessment Rate
(RAR)= 29%

Non-residential x RAR =

Total Assessed Value= \$58,000

Total Assessed value x mill levy =
taxes paid (mill levies vary by
district)

Tax Payer impact



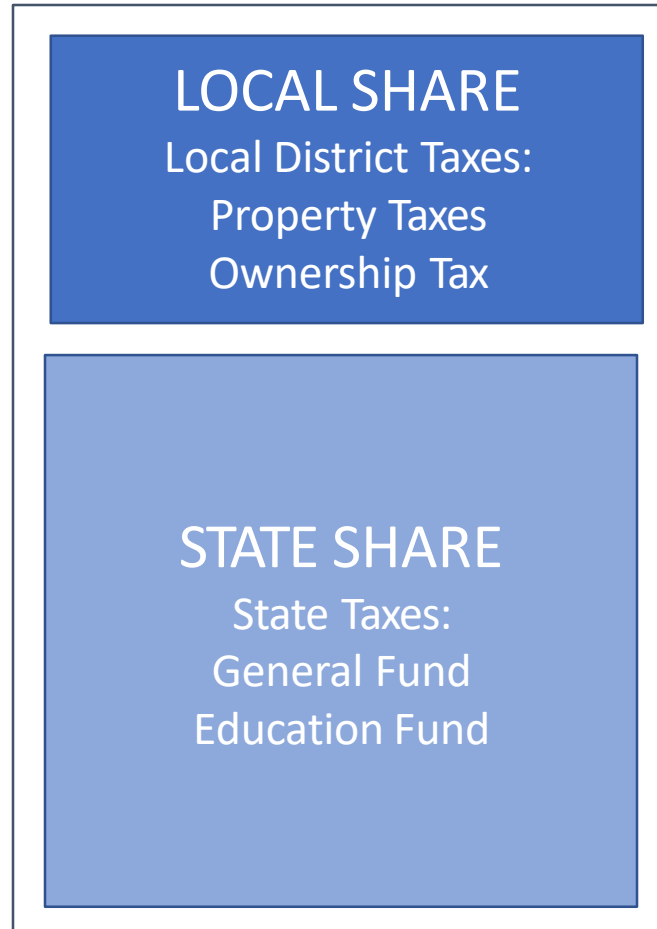
State & Local Share Varies (by design)

Aurora:

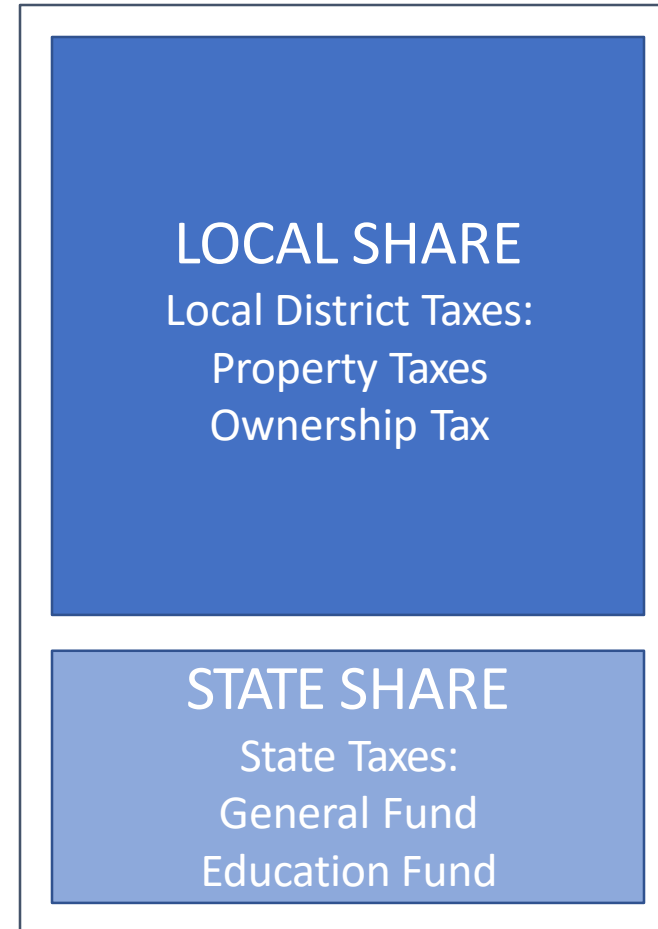
Local: 27%

State: 73%

District A



District B



Mill Levy Certification by school boards

- Mill Levies must be certified by December 15th and reported to county.
- Certification includes – total program, override mill levies, bond and hold harmless
- Mill Levy correction-
 - 2nd year of implementation
 - Most districts will be removing 1 tax credit
 - Will result in more local dollars for total program

Elements of School Funding



**Base Funding –
what does the
base represent?**



**What are
adjustments
or weights
for
students?**



**What are
adjustments
or weights
for school
districts?**



**What isn't
included in
the formula
currently?**



**What might
be included
in a
formula?**

Base Funding

- Starting point annually for every school district
- *Should* represent what it costs to educate a student with no special needs in a district with no special circumstances
 - Colorado has **never** done this analysis, but other states have
- Colorado's base uses inflationary adjustment each year

Adjustments, factors or weights

- Finance formulas adjust for student AND district characteristics, or things districts have no control over
- Current formula adjusts for:
 - At-risk (student)
 - English Learners (student)
 - Size (district)
 - Cost of living (district)
 - Personnel costs (district)
 - **Budget stabilization factor (reduces amount going to school districts)**

School District Funding

First dollars into funding is local share, property tax and ownership fees



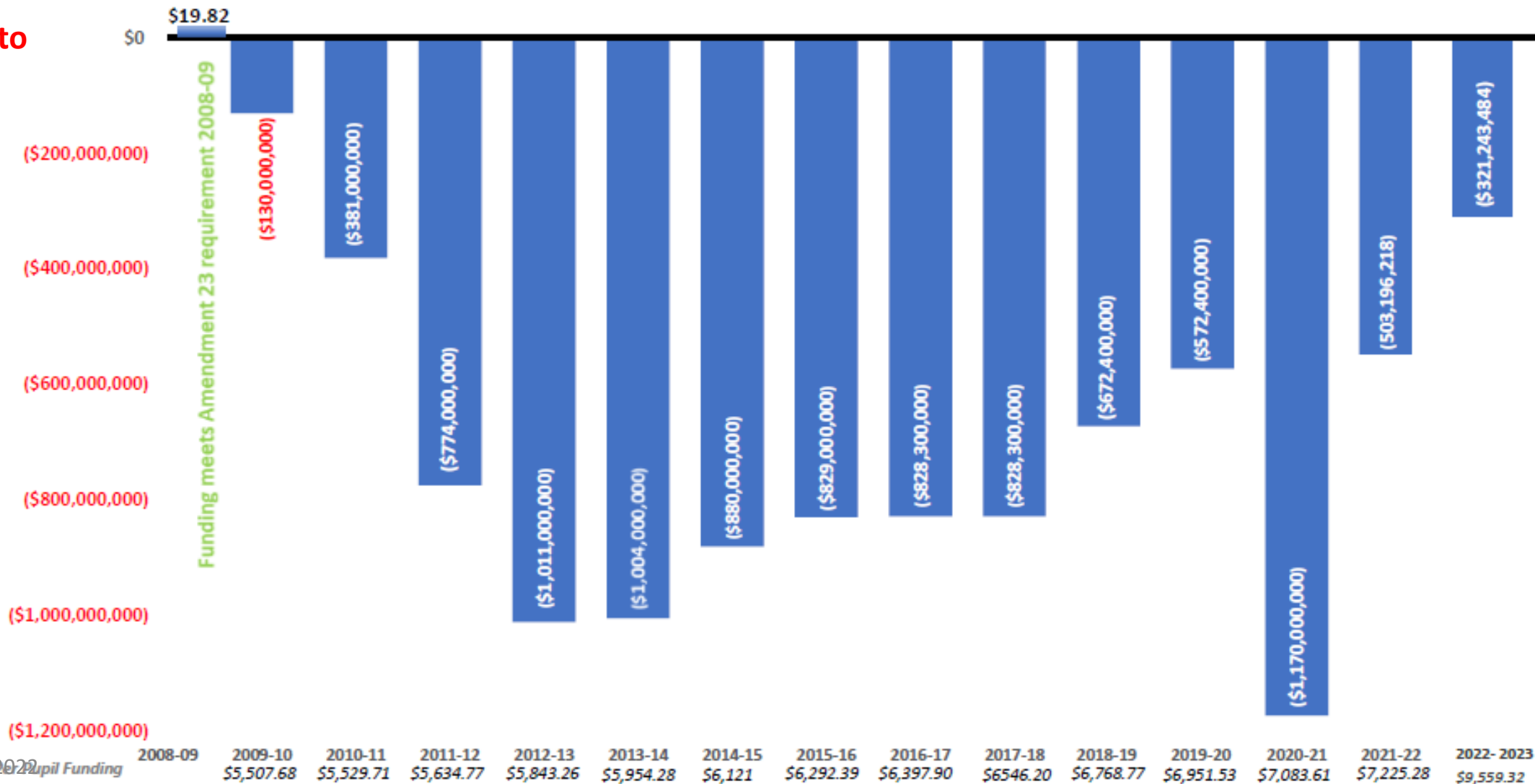
State backfills the difference to equalize starting point for every district



The Budget Stabilization Factor is applied and reduction made against the factors

Budget Stabilization Factor Statewide Total: 2009-2010 to 2022-2023

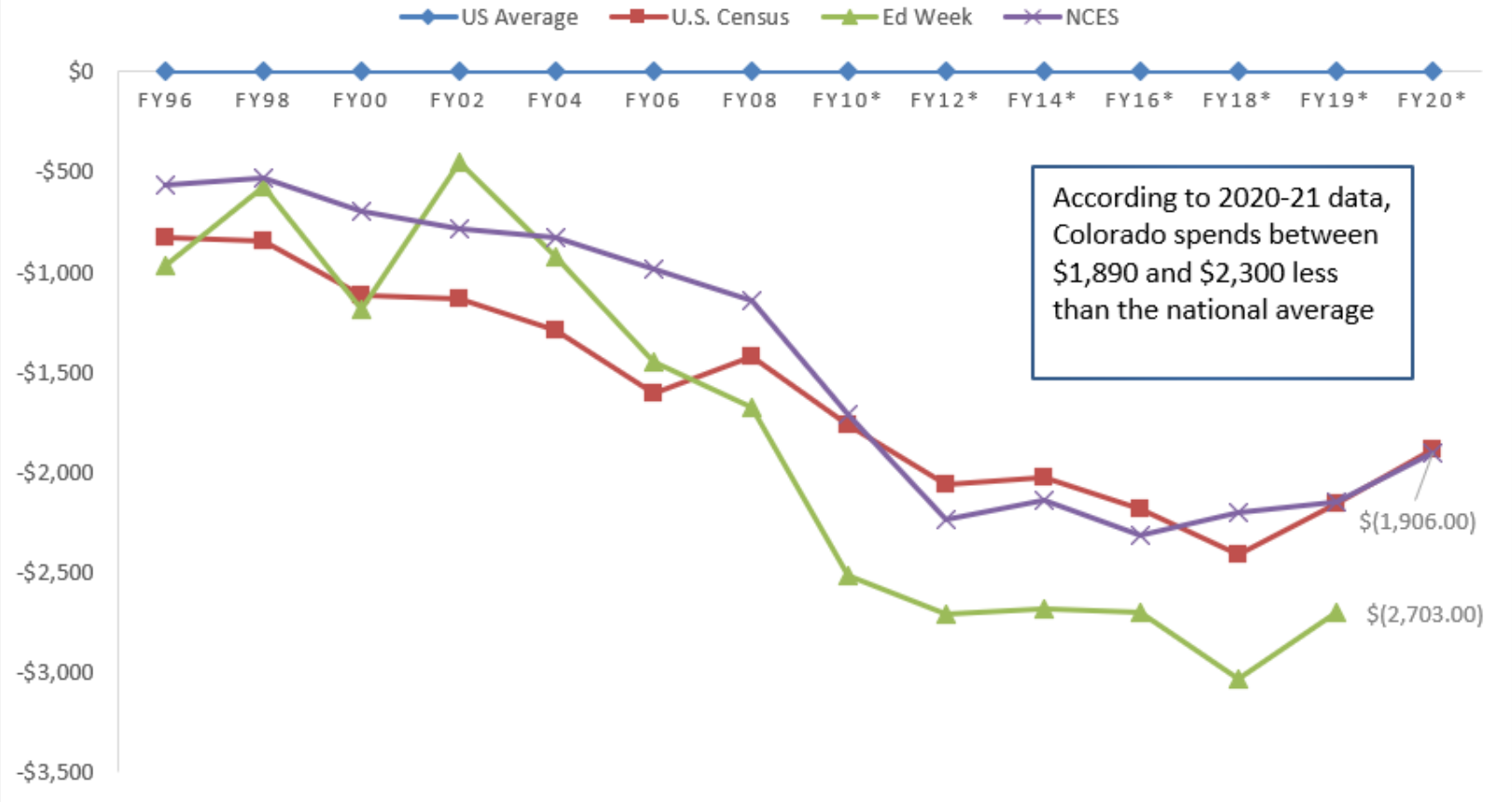
Per pupil base funding *before* added \$s: \$5,250.41
 Per pupil base funding *after* added \$s: \$5,270.13



Since 2009 Aurora has lost (\$477,973,901) to the Budget Stabilization Factor

In the 2022-23 school year Aurora will lose (\$15,120,770) due to the Budget Stabilization Factor

TRENDS IN PER PUPIL SPENDING: COLORADO VS. NATIONAL AVERAGE FY 1996-2020



Data Sources: Education Week Quality Counts 2021, US Census Bureau Public Elementary-Secondary Education Finances by State, NCES Revenues and Expenditures for Public Elementary and Secondary Education FY20

*Years with Budget Stabilization Factor in Colorado

What items are funded outside the formula?

- School districts also receive categorical dollars, additional dollars for:
 - Special Education students
 - English Learners
 - Gifted and Talented students
 - Career and Tech students
 - Transportation
- School districts do not receive enough revenue to cover costs of these programs

Student need has changed
Requires more services-this costs more \$

Students of poverty are
39.1% of population

- Approximately \$.30 of every \$1.00
is state funded

Students learning English are
12.5% of population

- Approximately \$.20 of every \$1.00 is
state funded

Students with special needs
are 11.6% of population

- Approximately \$.30 of every \$1.00 is
state funded

Gifted students are 7.3% of
population

- Approximately \$.15 of every \$1.00 is
state funded

How are dollars distributed? Why do they change mid-year?

- Dollars are distributed through the school finance act
- Monthly distribution of revenue comes from CDE (unless total locally funded)
- The “supplemental process” begins in January, after October count and changes in local share are taken into account by the state

Facilities and Funding

- There are minimal state dollars for funding facilities.
- Building Excellent Schools Today (BEST)
 - Available for districts who have low AV wealth
 - Distributed in a grant process from the state
- Majority of funding is completely locally dependent upon community support – Bond elections

Other funding for school districts – not every district receives

- Grants
- Local fund raising
- Override dollars – local mill levy elections – dependent upon AV wealth and community support

School funding changes 2022-23

- December 20th state revenue forecast
- Re-write of school finance act
- Universal Pre-school

What can the state afford to pay for K-12 in 2023?

- Inflation – averaging by quarter – running at 8% so far – state needs \$700 million just for inflation for K-12 – this doesn't include enrollment changes – this keeps B/S factor same
- Labor rebates continue to total over \$5 billion during the forecast period

What the implications are for K-12

- Inflationary pressures on General Fund.
- Still predicting “fiscal cliff” in 2024
- Inflation for 2023-24 estimating 5.5%
- Economy slowing
- ESSER \$ gone September 30, 2024

Interim Committee on School Finance

- Has been meeting for past 5 years:
- Has added \$80 million to SPED
- Has commissioned a study by Urban Institute to change formula for **at-risk** to include direct certification, Medicaid, Socio-economic indicators by community. This will impact 2023-24 budget

[22-23 Financing for Public Schools Summary](#)

Interim
Committee on
School Finance
contd.

- How to count students? Should districts be able to have 5 year averaging?
- Rural districts – should there be other distinctions?
- Cost of Living – should dollars be removed from this factor and placed somewhere else?

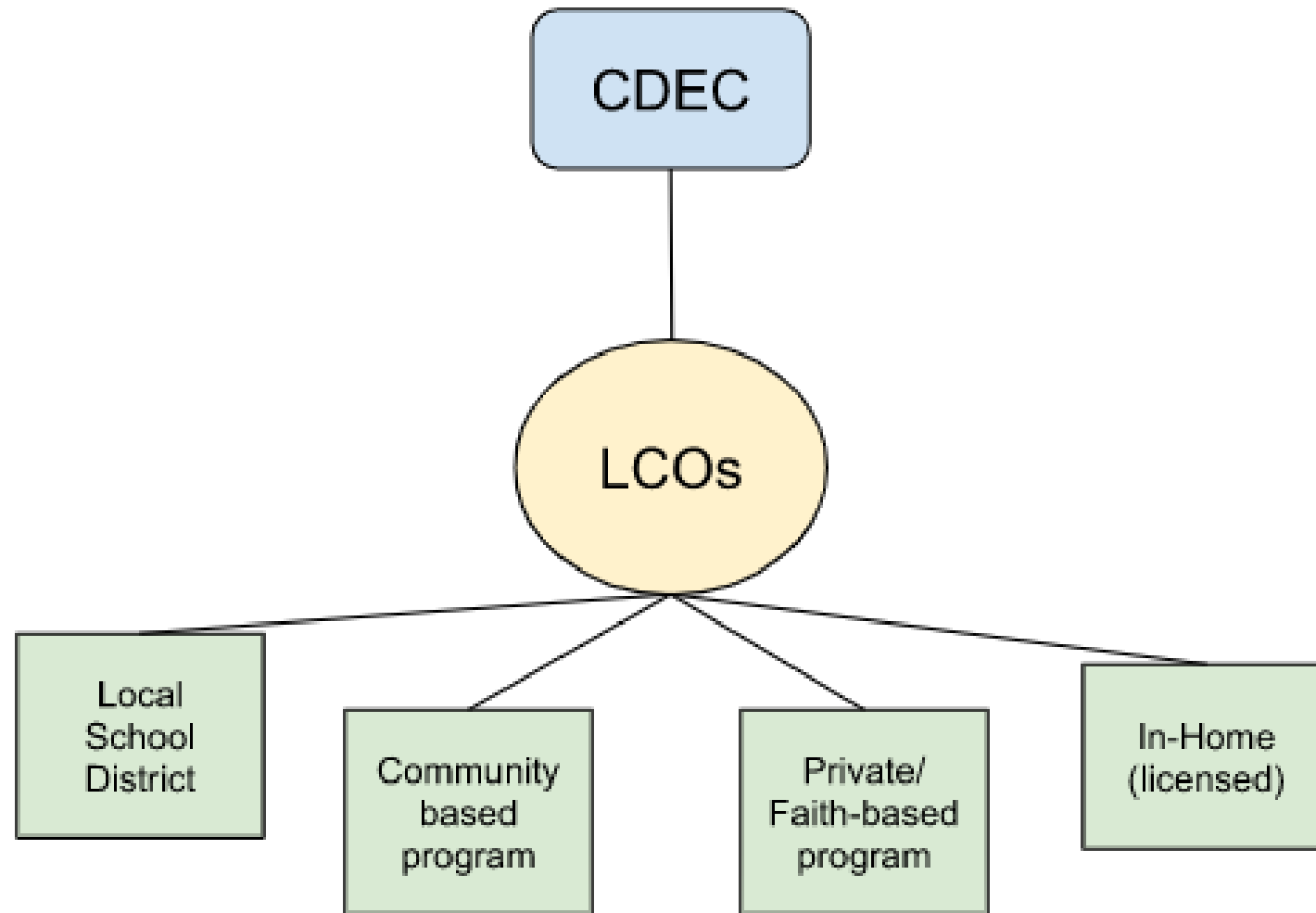
Universal Pre-School, (UPK)

- New department established 2022
- Student count for UPK not part of K-12 anymore
- Current allocation of “slots” goes away
- This is a mixed delivery system that parents sign up for through new department not your district

Universal Pre-School, (UPK) contd.

- Each district is part of a Local Community Operator (LCO) –
- Each LCO will place students based on parent request in facility for operation
- Each LCO will have an established rate that will fund the operations – for 10 to 30 hours of service a week.
- Funding will vary – students will need to qualify for additional time

UPK Organizational Structure



Provider Rates for LCOs

LCO	2023-2024 Part-Time Rate (10h)	2023-2024 Half-Day Rate (15h)	2023-2024 Additional Hours Rate (15h)	2023-2024 Full-Day Rate (30h)
Arapahoe County Early Childhood Council	\$4,742.88	\$5,926.69	\$4,617.80	\$10,544.48
Bright Futures	\$4,916.60	\$6,143.77	\$4,579.72	\$10,723.48
Broomfield Early Childhood Council	\$4,680.51	\$5,848.75	\$4,625.37	\$10,474.13
Chaffee County Early Childhood Council	\$4,816.14	\$6,018.24	\$4,582.54	\$10,600.78
Cheyenne, Kiowa & Lincoln Counties ECC	\$4,847.65	\$6,057.62	\$4,523.90	\$10,581.52
Children First Department of Pueblo Community College/ Pueblo Early Childhood Council	\$5,042.11	\$6,300.61	\$4,573.00	\$10,873.61
Connections4Kids & Moffat County School District	\$5,072.89	\$6,339.07	\$4,716.01	\$11,055.08
Custer County School District & Custer County Kids Council	\$4,735.83	\$5,917.88	\$4,556.45	\$10,474.33
Denver Preschool Program	\$4,883.22	\$6,102.06	\$4,646.87	\$10,748.93
Douglas County Early Childhood Council	\$4,662.16	\$5,825.82	\$4,623.40	\$10,449.21
Eagle County School District & Early Childhood Partners	\$4,735.40	\$5,917.35	\$4,552.54	\$10,469.89
Early Childhood Council for Yuma, Washington and Kit Carson	\$4,779.01	\$5,971.83	\$4,581.37	\$10,553.20
Early Childhood Council of Boulder County	\$4,842.16	\$6,050.75	\$4,665.93	\$10,716.69
Early Childhood Council of Larimer County	\$4,757.44	\$5,944.89	\$4,566.37	\$10,511.26
Early Childhood Council of Logan, Phillips and Sedgwick	\$4,806.31	\$6,005.95	\$4,521.29	\$10,527.24
Early Childhood Council of the San Luis Valley	\$5,060.23	\$6,323.25	\$4,518.27	\$10,841.52
Early Childhood Options & Summit County Government	\$4,895.25	\$6,117.09	\$4,755.81	\$10,872.90
Early Learning Ventures	\$4,792.23	\$5,988.36	\$4,519.69	\$10,508.05
ECHO & Family Center ECC	\$4,885.88	\$6,105.38	\$4,569.17	\$10,674.55
Elbert County Early Childhood Council	\$4,724.82	\$5,904.13	\$4,666.05	\$10,570.18
First Impressions of Routt County	\$4,899.16	\$6,121.98	\$4,742.13	\$10,864.11
Grand Beginnings	\$4,921.04	\$6,149.32	\$4,736.63	\$10,885.94
Gunnison-Hinsdale Early Childhood Council	\$4,856.34	\$6,068.47	\$4,601.21	\$10,669.68
Huerfano-Las Animas Counties Early Childhood Council	\$5,016.18	\$6,268.21	\$4,547.27	\$10,815.48
Joint Initiatives for Youth and Families	\$4,735.40	\$5,917.35	\$4,552.54	\$10,469.89
Mesa County Partnership for Children and Families & Mesa County Dept of Human Services	\$4,759.02	\$5,946.85	\$4,481.87	\$10,428.72
Rocky Mountain ECC & Mountain Valley Development Services	\$4,870.63	\$6,086.33	\$4,734.79	\$10,821.13
San Juan BOCES	\$4,870.04	\$6,085.59	\$4,595.73	\$10,681.32
Teller Park Early Childhood Council	\$4,794.32	\$5,990.97	\$4,658.83	\$10,649.80
Triad Bright Futures	\$4,713.94	\$5,890.53	\$4,622.72	\$10,513.26
United Way of Weld County	\$4,732.93	\$5,914.25	\$4,544.83	\$10,459.08
Westminster Public Schools on Behalf of a County Collaborative	\$4,828.39	\$6,017.28	\$4,625.69	\$10,642.96
AVERAGE:	\$4,833.63	\$6,039.58	\$4,606.43	\$10,646.01

Questions & Stay Connected

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